



THE CITY OF SAN DIEGO

DATE: March 15, 2011

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor Activity Report – February 2011**

This report provides information on the activities and accomplishments of the Office of the City Auditor for the month of February 2011. It includes the audit reports issued and other accomplishments during this period, the status of current audit projects and activities, and a summary of planned audits that we have not yet started.

Audit Reports and Accomplishments:

- February 7, 2011 – Presented to the Audit Committee our Performance Audit of Street Maintenance. The Audit Committee voted to move the report to the full City Council with the recommendation of the Audit Committee, with two additional requests: 1) The new Transportation and Storm Water Department establish a baseline for total project delivery time for Fiscal Year 2010, to be used as a performance measurement in order to assess the improvements brought by the new organizational structure; 2) The Mayor's office present concurrently with this report to full City Council a deferred maintenance funding and assessment methodology that can be included as part of the Five Year Financial Plan that will show the necessary funding each year to simply maintain the current condition of City street assets. The Audit Committee also requested a response from Department Director as to whether the new Transportation and Storm Water Department could do the work of the Engineering and Capital Projects Department's Field Engineering Division, and to look at other models from around the country to determine whether the City should consider consolidating other elements into the new department. The presentation can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/pres_11-009.pdf
- February 7, 2011 – Presented to the Audit Committee our Review of the Managed Competition Cost Comparison Tool. The Audit Committee voted to accept the report. The presentation can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/pres_11-010.pdf

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TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE: (866) 809-3500

- February 7, 2011 – Presented to the Audit Committee the City Auditor’s Quarterly Fraud Hotline Report for the Second Quarter, Fiscal Year 2011. The Audit Committee voted to accept the report. The presentation can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/pres_fraud_q2_2011_update_report.pdf
- February 28, 2011 – Issued the City Auditor’s Semiannual Recommendation Follow-Up Report. The report provides the status of recommendations as of January 3, 2011. The Comptroller’s Office provided a listing of 128 recommendations deemed implemented, and these recommendations represented 128 of 314 (41%) of all open recommendations. Of the 128 recommendations submitted, we found 69 (54%) were implemented, 24 (19%) were partly implemented, and 35 (27%) were not implemented. The report can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/123110_recommendation_cycle.pdf
- February 28, 2011 – Issued the Follow-up Audit of the Development Services Department’s Collection of Water and Sewer Fees. We issued a report in June 2010 that found over \$170,000 in uncollected water and sewer fees. At that time, we reported that additional testing of water and sewer fee data would be performed and the results reported in a separate memorandum. Based on our follow-up testing, we found 14 additional accounts with uncollected water and sewer fees due totaling \$28,042. During our testing, we also found that the procedures to record, track, and monitor capacity credits are not well-documented. We made two recommendations to address these issues, and the departments agreed with our recommendations. The report can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/11-012.pdf

New Staff Member

Andy Hanau, MPP, Performance Auditor

Andy Hanau joined the San Diego City Auditor’s Office in February 2011 as a Performance Auditor. Prior to working at the City Auditor’s Office, Andy worked on housing policy issues and performed analysis of the California High Speed Rail project for the Community Redevelopment Agency of the City of Los Angeles. Andy previously worked for the City of San Diego as an Urban Planner in the Development Services Department from 2005-2008, where he was responsible for analyzing entitlement proposals, reviewing technical reports and identifying regulatory conflicts. Andy left City employment to obtain his Master of Public Policy from the UCLA School of Public Affairs. He also has a B.A. in Political Science from the University of California, San Diego. For information on City Auditor staff members, go to our website at:

<http://www.sandiego.gov/auditor/aboutus/>

Current Audits and Activities:

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Capital Improvement Projects Audit	The objective of this audit is to determine the extent to which the City effectively initiates, prioritizes, and implements CIP projects. A draft audit report is under management review.	April 2011	3,511	2,880
Police Department – Fiscal Services (Animal Services Contract) Audit	The objective of this audit is to review the City’s contract for Animal Services and determine if the service provider is in compliance with the terms of the contract. Audit report writing is in progress.	April 2011	653	600
Close-out Audits	Close-out audits are required by City Charter, Article VII, Section 111 when a City Official leaves office. The primary audit objectives are to verify that there are no outstanding debts owed by the City Official to the City, and to ensure that access to critical information and processes has been revoked. We are currently conducting close-outs for Patti Boekamp, former Director of Engineering and Capital Projects, and former City Councilmembers Donna Frye and Ben Hueso. We plan to issue all of these reports by April 2011.	April 2011	68	240

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Fire Rescue – Emergency Medical Services Audit	The objective of this audit is to determine the efficiency and effectiveness of the City's Emergency Medical Services and related partnership with Rural/Metro of San Diego. Audit report writing is in progress.	April 2011	2,552	1,800
City Treasurer – Parking Administration Audit	The objective of this audit is to determine if the collections for parking citations is being properly accounted for and efficiently and effectively handled. Audit report writing in progress.	April 2011	1,097	1,280
Police Department – Fiscal Services (License and Permit Fees)	The objective of this audit is to determine if the Police Department is efficiently and effectively collecting license and permit fees owed to the City with adequate internal controls in place. Audit fieldwork is in progress.	May 2011	450	1,300
Fraud, Waste and Abuse Hotline	We review and administer the City’s Hotline calls that are received. Investigations are performed by the Office of the City Auditor for accusations of material fraud, waste or abuse, and we issue Hotline reports on fraud related allegations that are substantiated. During the month of February, there were 5 new Hotline calls received.	On-going	1,030 (Fiscal Year 2011 Hours)	1,560 (Fiscal Year 2011 Hours)

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Follow-up on Audit Report Recommendations	The City Auditor tracks all audit recommendations made since FY08. Comptroller staff contacts those responsible for implementing our recommendations and provides regular status data to the City Auditor on all implemented recommendations. We verify if recommendations have actually been implemented and report the implementation status on a semi-annual follow-up report. The last semi-annual follow-up report was issued on February 28, 2011. We plan to issue our next semi-annual follow-up report in September 2011.	On-going	588 (Fiscal Year 2011 Hours)	600 (Fiscal Year 2011 Hours)
Public Utilities – Water Department and Metropolitan Wastewater Audits	The City Auditor entered into a Service Level Agreement with Public Utilities and the Independent Rates Oversight Committee (IROC) to conduct audits of the Public Utilities department. We performed a risk assessment and we will be conducting an audit of Public Utilities CIP, and a review of goal measures for the Bid-to-Goal Program.	TBD	654	2,600
Development Services Department Audit	The objective of this audit is to conduct a performance audit of DSD systems. Audit background and preliminary survey are in progress.	TBD	132	1,600

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
City Retirement System Audit	The objective of this audit is to evaluate the efficiency and effectiveness of the San Diego City Employee Retirement System's administration. Audit fieldwork is in progress.	TBD	361	1,700
General Services – Fleet Services Audit	The objective of this audit is to evaluate the efficiency and effectiveness of the City's fleet vehicle utilization. Audit fieldwork is in progress.	TBD	279	1,400

Planned FY11 Audits Not Yet Started:

Planned Audit	Estimated Audit Hours
City Comptroller / Personnel Department – Payroll Audit	1,500
Real Estate Assets Department Audit	1,800
Annual Mission Bay Fund Audit	120
Annual Central Stores Inventory Audit FY11	80

Respectfully Submitted,



Eduardo Luna
City Auditor

cc: Honorable Mayor Jerry Sanders
Honorable City Council Members
Jay M. Goldstone, Chief Operating Officer
Wally Hill, Assistant Chief Operating Officer
Mary Lewis, Chief Financial Officer
Ken Whitfield, City Comptroller
Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst